May 5, 1999

To: ALL INTERESTED PARTIES

Enclosed for your review is a copy of the Initial Study and Negative Declaration for The Amendments to the State Water Project Long-term Water Supply Contracts. The Initial Study describes the need to amend the SWP water supply contracts to accurately reflect the intent of the Monterey Agreement and the subsequent Monterey Amendment.

When the Department began administering the long-term water supply contracts as amended by the Monterey Amendment, certain questions arose about the interpretation of the contract provisions. These questions generated discussions between the contractors and the Department that have resulted in the need for an additional contract amendment. This amendment, the resulting changes to existing contract provisions, and the effects of implementing these project-wide amendments are described in this Initial Study. The proposed changes to the contracts are intended to clarify interpretation of the contract provisions and aid in the contract administration activities by the Department.

The Department of Water Resources is releasing this Initial Study and Negative Declaration to initiate public review and comment pursuant to the California Environmental Quality Act (CEQA). The comment period will begin on May 5, 1999 and end on June 15, 1999. The Department of Water Resources has found that the implementation of the water supply contract amendments will not have a significant effect on the environment.

Written comments about the Initial Study and proposed Negative Declaration should be submitted by June15, 1999 to

California Department of Water Resources
Environmental Services Office
3251 S Street
Sacramento, CA

Additional copies of the Initial Study and Negative Declaration are also available from the above address. In addition, copies of this document are available at libraries in… If you need any additional information about the Initial Study and Negative Declaration contact Delores Brown at the above address or phone (916) 227-2407 or E-mail to delores@water.ca.gov.

Negative Declaration
for
Amendments to the State Water Project Long-term Water Supply Contracts

Project Description. The California Department of Water Resources (Department) proposes to amend the water supply contracts between the Department and the applicable State Water Project (SWP) contractors to clarify questions arising from the interpretation of the Monterey Amendment and other contract provisions. The amendment, the resulting changes to existing contract provisions, and the effects of implementing these project-wide amendments, are described in the attached Initial Study. The proposed changes to the Monterey Amendment are intended to clarify interpretation of the contract provisions and aid in the contract administration activities by the Department.

In the early 1960s, the Department entered into a series of water supply contracts with 29 public agencies, known as the State Water Contractors. A major purpose of the SWP is to provide water service to the contractors that contract with the Department for water supply (Figure ND–1). A specified annual entitlement amount is provided to each contractor and delivered through the California Aqueduct and other project facilities in return for annual payments that cover operation and maintenance, and bondholder repayment obligations incurred by DWR in constructing and operating the SWP. The original contracts, entered into before or in the early stages of SWP construction, have been amended on numerous occasions.

In 1994, the Department and representatives of the contractors met in Monterey, California, to negotiate significant changes to the water supply contracts. The principles described in the agreement, known as the Monterey Agreement, were implemented through a contract amendment to the long-term water supply contracts, referred to as the "Monterey Amendment." The six major components of the Monterey Agreement are as follows:

1. Revisions to the method used to allocate water among contractors;
2. Retirement of 45,000 acre-feet of agricultural entitlement;
3. Change in control of the Kern Water Bank;
4. Permanent sale of up to 130,000 acre-feet of entitlement from agricultural contractors to urban contractors;
5. Change in the operation of Castaic Lake and Perris Lake terminal reservoirs; and
6. A rate management program to reduce cost to contractors.

A programmatic Environmental Impact Report (EIR) was prepared by the Central Coast Water Authority and certified before implementation of the Monterey Amendment *(SAIC 1995)*. Twenty-seven of the 29 State Water Contractors have signed the Monterey Amendment. Litigation about the adequacy of that EIR and the Monterey Amendment is pending in the Third District Court of Appeal.

When the Department began administering the long-term water supply contracts, as amended by the Monterey Amendment, certain questions arose about the interpretation of the contract provisions. These questions generated discussions between the contractors and the Department that have resulted in the need for an additional contract amendment. This amendment, the resulting changes to existing contract provisions, and the effects of implementing these project-wide amendments are described in this Initial Study. The proposed changes to the Monterey Amendment are intended to clarify practices of the Department and the contractors.

The proposed changes to the water supply contracts may be incorporated the water supply contracts of those contractors who signed or will sign the Monterey Amendment. The amendment would become effective upon approval by the Department of Water Resources and State Water Contractors holding at least 90 percent of contract entitlement. None of the proposed changes would result in the direct development of lands or require the construction of new facilities. Any development that results from the proposed changes would be subject to the administrative actions and general plans of the applicable municipal and county governments within the respective service areas. The State Water Project's 29 long-term water supply contractors and their respective service areas are shown in Figure ND-1.

Project Proponent. California Department of Water Resources, State Water Project Analysis Office, 1416 Ninth Street, Sacramento, California, 95814.

Finding. The proposed project described in the attached Initial Study will have less than a significant impact on the environment.

Basis for Finding. Based on avoidance measures described in the Initial Study (attached), no significant impacts will occur as a result of this project. Implementation of the avoidance measures will prevent significant adverse impacts to cultural resources.

Conclusion. Therefore, this Negative Declaration is filed according to Section 15072 of the Guidelines for Implementation of the California Environmental Quality Act.

The public review period for this Negative Declaration and Initial Study (attached) will end June 15. All comments or questions should be directed to Delores Brown, 3251 S Street, Sacramento, California, 95815-7017. Phone: (916) 227-2407 or FAX: (916) 227-7554.

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Donald R. Long, Chief
State of California Department of Water Resources
State Water Project Analysis Office

Date_____

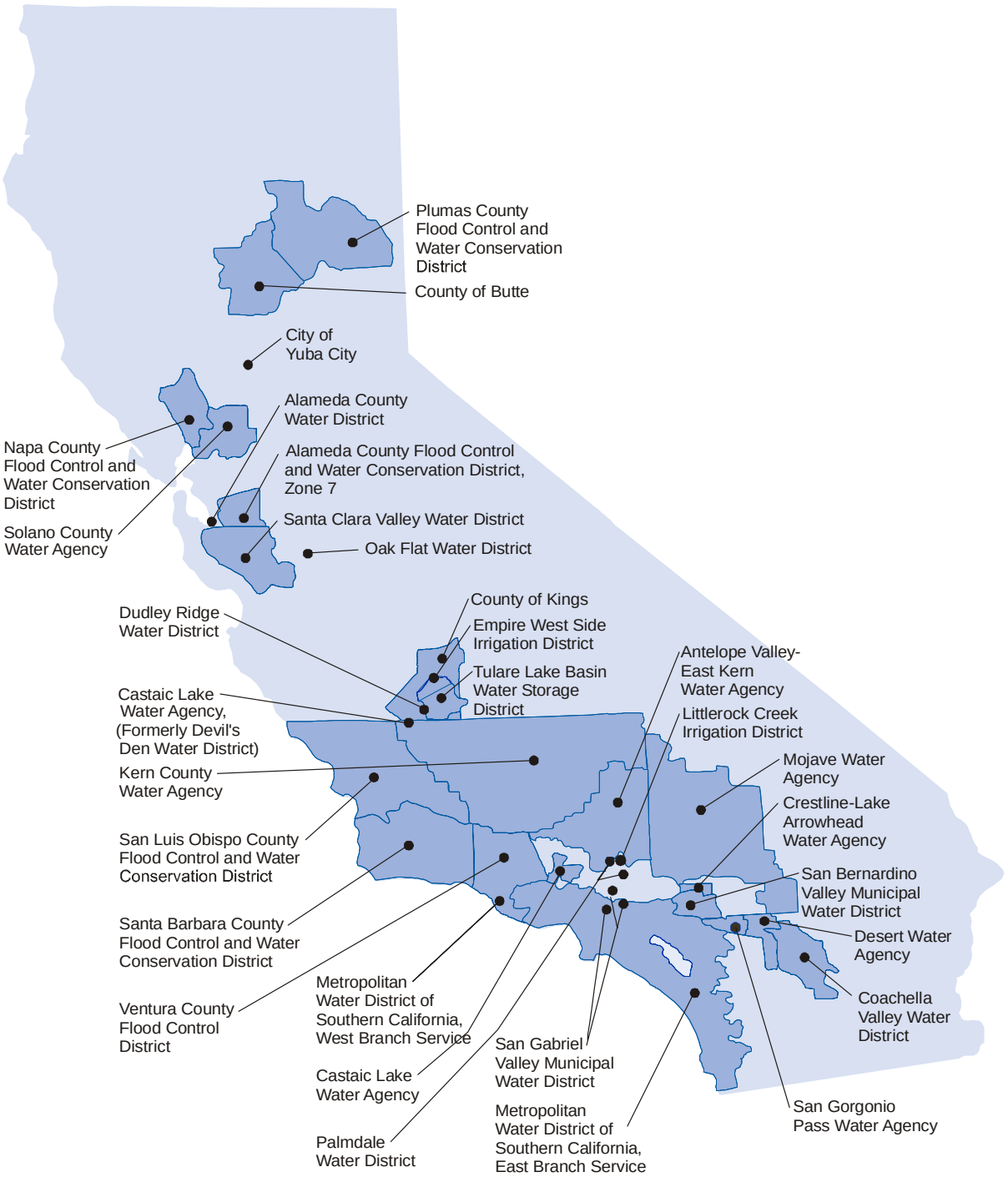

Figure ND-1 State Water Project water supply contractors and service areas (taken from DWR 1997)

Chapter I. Description of Project

The California Department of Water Resources (Department) began major construction of the State Water Project (SWP) in the early 1960s and entered into a series of water supply contracts with 29 public agencies, known as the State Water Contractors (Figure 1). The purpose of the SWP is to provide water service to the contractors based on a specified annual entitlement amount, flood control protection in certain areas, and recreation benefits to the people of California. Water is delivered through the California Aqueduct and other project facilities in return for annual payments that cover operation and maintenance and bondholder repayment obligations incurred by DWR in constructing and operating the SWP. The original contracts have been amended on numerous occasions.

In 1994, the Department and representatives of the contractors met in Monterey, California, to negotiate significant changes to the water supply contracts. The principles described in the agreement, known as the Monterey Agreement were implemented through a contract amendment to the long-term water supply contracts, referred to as the "Monterey Amendment." The six major components of the Monterey Agreement are as follows:

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3. Change in control of the Kern Water Bank;

4. Permanent sale of up to 130,000 acre-feet of entitlement from agricultural contractors to urban contractors;

5. Change in the operation of Castaic Lake and Perris Lake terminal reservoirs; and

6. A rate management program to reduce cost to contractors.

A programmatic Environmental Impact Report (EIR) was prepared by the Central Coast Water Authority and certified before implementation of the Monterey Amendment *(SAIC 1995)*. Twenty-seven of the 29 State Water Contractors have signed the Monterey Amendment. Litigation about the adequacy of that EIR and the Monterey Amendment is pending in the Third District Court of Appeal.

When the Department began administering the long-term water supply contracts, as amended by the Monterey Amendment, certain questions arose about the interpretation of the contract provisions. These questions generated discussions between the contractors and the Department that have resulted in the need for an additional contract amendment. This amendment, the resulting changes to existing contract provisions, and the effects of implementing these project-wide amendments, are described in this Initial Study. The proposed changes to the Monterey Amendment are intended to clarify practices of the Department and the contractors.

Feather River Area

1. City of Yuba City
2. County of Butte
3. Plumas County Flood Control and Water Conservation District

North Bay Area

4. Napa County Flood Control and Water Conservation District
5. Solano County Water Agency

South Bay Area

6. Alameda County Flood Control and Water Conservation District, Zone 7
7. Alameda County Water District
8. Santa Clara Valley Water District

San Joaquin Valley Area

9. County of Kings
10. Dudley Ridge Water District
11. Empire West Side Irrigation District
12. Kern County Water Agency
13. Oak Flat Water District
14. Tulare Lake Basin Water Storage District

Central Coastal Area

15. San Luis Obispo County Flood Control and Water Conservation District
16. Santa Barbara County Flood Control and Water Conservation District

Southern California Area

17. Antelope Valley–East Kern Water Agency
18. Castaic Lake Water Agency
19. Coachella Valley Water District
20. Crestline–Lake Arrowhead Water Agency
21. Desert Water Agency
22. Littlerock Creek Irrigation District
23. Mojave Water Agency
24. Palmdale Water District
25. San Bernardino Valley Municipal Water District
26. San Gabriel Valley Municipal Water District
27. San Gorgonio Pass Water Agency
28. The Metropolitan Water District of Southern California
29. Ventura County Flood Control District

Figure 1 State water contractors in each project service area

This document consists of five chapters. Chapter I presents the contract articles and the proposed amendment. Chapter II describes the major project facilities and shows the location of the service areas. Chapters III and IV describe the existing environment, analyze potentially significant effects, and propose mitigation and compliance with land use statutes. Chapter V addresses existing land use controls. The proposed text for the water supply contract amendment is included as Appendix A and the Initial Study checklist is found in Appendix B.

The Department prepared this Initial Study to identify potential environmental impacts and to provide information about the proposed amendments to interested persons. Generally, the activities described in this document are exempt from the California Environmental Quality Act (CEQA) process. The Department has included the full text of the amendment in this Initial Study to fully disclose this information to the public. Actions that meet the requirements for exemption to CEQA in Public Resources Code Section 21080(b) (8) and CEQA Guidelines Sections 15273 and 15378(b)(4) have been noted.

Requests for Annual Entitlement Reductions

The standard provisions of the original long-term water supply contract recognized that annual entitlement amounts, listed in Table A of the contractor's long-term water supply contracts, represented an initial estimate of that contractor's water needs over the life of the contract. The standard provisions specify that contractors may request an increase or decrease in their individual Table A entitlement amounts and the Department may approve the change if it does not "impair the financial feasibility of the project facilities."

Several contractors have requested changes in their annual Table A entitlements since the water supply contracts were implemented. Typically, the changes have covered a specified term, such as two or three years. Generally, decreases have been requested and occurred when the original Table A entitlement provides more water than is needed in those years. When reductions occur, the contractor receives relief from paying the Delta Water Charge, the cost associated with the unneeded entitlement.

If a reduction in Table A entitlement is granted for a particular contractor, then the related reduction in financial obligations for Delta Water Charges is shifted from that contractor to the remaining contractors. Since a contractor would not request a reduction of its entitlement if it has a need for the water, requests are made to decrease Table A only when the contractor has no use for the water and wants to obtain financial relief. Another consequence of a reduction in Table A is that it reduces near-term revenues to the Department because the Delta Water Charge is amortized over the life of the contract.

The Monterey Amendment narrowed the Department's discretion to deny requests for changes in water contractors' Table A entitlements. The proposed amendment is intended to provide a mechanism to manage the near-term revenue short-fall while continuing to provide contractors with the opportunity to reduce their Table A. Under the proposed amendment, the Department would approve up to 120,000 acre-feet per year of entitlement reduction requests and recover the change in annual Delta Water Charges attributable to the entitlement reductions in a new stand-alone charge called the "Table A Reduction Charge." All contractors would pay this new charge in proportion to their Table A entitlement for that year. Article 7(a)(2) would be added to the water supply contracts to describe requirements for contractors wishing to reduce their Table A entitlement within this 120,000 acre-feet. Authorization for the charge would be under a new Article 22(k) of the water supply contract (see Appendix A). Requests exceeding 120,000 acre-feet would be evaluated the same way they were evaluated before this amendment, except that the standard for approving the change in entitlements would be expanded to consider the "financial integrity of the project," in addition to the original language of "financial feasibility of project facilities."

Articles 7(a)(2) and 22(k) would add a new financial mechanism to recover revenues lost to the State Water Project due to reductions in Table A entitlements and specify limitations on reductions funded by the new charge. No changes are made to contract provisions dealing with requests for reductions that are not funded by the new Table A Reduction Charge. The changes made by this amendment constitute a modification or restructuring of rates charged by the Department for the purpose of meeting operating expenses and financial reserve needs. No adverse environmental effect would result from this change. These changes fall under the rate-making exemption to CEQA in Public Resources Code Section 21080(b)(8) and CEQA Guidelines Sections 15273. Also see CEQA Guidelines section 15378(b)(4) (government fiscal activities are not a project subject to CEQA).

Priorities in Delivering Project Water to Contractors

The Monterey Amendment added Article 12(f) to the water supply contract to establish priorities for several types of water deliveries. Article 12(f) set forth priorities for delivery of project water, interruptible water, outage water, project water previously stored, nonproject water, additional interruptible water in excess of annual entitlements, and additional nonproject water. The Department also gave contractors the ability to use project facilities for storing and conveying nonproject water.

Although the Monterey Amendment added the categories of Turnback Pool water and transfers of entitlement among contractors, Article 12(f) did not expressly name these categories in the list of priorities. Contract language in the Monterey Amendment states that the delivery of purchased entitlement should be made without any adverse impact to other contractors. The meaning of this "adverse impact" standard in relation to the principles listed in Article 12(f) has caused confusion about the priority of purchased entitlement. Urban contractors were particularly concerned about the uncertainty because they wanted to purchase additional entitlement water from agricultural contractors who wanted to sell entitlement under the Monterey Amendment.

The proposed amendment to Article 12(f) would add the missing categories to the list of water delivery priorities consistent with the intent of the Monterey Amendment; therefore, all contractual language dealing with priorities would be consolidated in one article for easy reference. This amendment would also add language to the water supply contract to clarify that the list of priorities would apply only to deliveries through project transportation facilities and would not apply to the extent the priorities would reduce project water supplies available for use in and above the Delta and export from the Delta. Additional language would be added to clearly include Turnback Pool purchases in the first priority up to a contractor's annual entitlement amount and included as eighth priority for delivery above their annual entitlement amount.

In priorities one, two, four, and five, new language would be added to clarify that the priorities apply to water "delivered within the maximum monthly delivery rates provided for in each of the water supply contracts." The language previously limited the deliveries within each priority to annual entitlements. Lower priorities address deliveries that exceed annual entitlements for a contractor. This would ensure that priority is given to delivering annual entitlements at each contractor's monthly delivery rate. Monthly peaking rates are specified in the original version of each water supply contract. The peaking rates provide a monthly standard for deliveries, as opposed to the annual entitlement amount. By specifying that deliveries be made within the maximum

monthly delivery rates, the new language ensures that priority is accurately given to delivering water to each contractor in an amount up to their annual entitlement.

Priorities six and seven will be created to clarify the priority of transferred entitlement. The Monterey Amendment provided for transfers of entitlement among contractors and contained general provisions defining payment responsibilities and use of project facilities for delivery of the purchased entitlement. Transfer of entitlement was not included in the list of priorities contained in Article 12(f). Rather, the Monterey Amendment stated that delivery of the purchased entitlement could be made using unused capacity "so long as project operations and/or priority of service of water to other contractors participating in repayment of capital costs in such reaches is not adversely affected."

In the eighth priority, interruptible water would be changed to "project water" to include other types of project water that might be delivered in excess of the contractor's annual entitlements. This may include classes of water such as project water previously stored and water purchased from the Turnback Pool in excess of the contractor's annual entitlement for that year. The eighth priority would add language to clarify that deliveries in excess of annual entitlements also include deliveries in excess of maximum monthly delivery rates.

The ninth priority would add language to clarify that deliveries in excess of annual entitlements also include deliveries in excess of maximum monthly delivery rates.

Language would be added to define how water delivery in each priority should be allocated if available transportation facilities are inadequate to meet all contractors' requests within a particular priority. Additional terminology would be added in Article 12(f) to address the priority of water delivered if that delivery is subject to a use-of-facilities fee. (As described below, a use-of-facilities fee is imposed when a contractor seeks to use transportation facilities for which it has not participated in repayment.)

The classifications of water in Article 12(f) were either in use at the time the Monterey Amendment was signed or added to the contract by the Monterey Amendment. Transfers among contractors were described and programmatically evaluated in the Monterey Programmatic EIR (SAIC, 1995). The Interruptible Water Service Program (Principle 7) was described in the Monterey programmatic EIR starting on page 2-2. A list of delivery priorities was included and that list was later incorporated into the contract language of the Monterey Amendment. The changes to Article 12(f) do not change the priorities for delivery of water but provide contract language in a consolidated format and a description of the types of water delivered through project transportation facilities. The classifications of water types and setting of priorities was previously addressed in the Monterey programmatic EIR. No change in operations is anticipated as a result of this amendment.

Facilities Charges for Delivery of Purchased Entitlement

When an urban contractor purchases entitlement from an agricultural contractor according to the Monterey Amendment, the ultimate delivery will take place at a location different from that of the agricultural contractor. As part of the sale, the delivery capability associated with the purchased entitlement are transferred to the purchaser. However, the seller can transfer to the buyer only the

delivery capability for which it has paid. Delivery of purchased entitlement may require use of project transportation facilities through which the selling agricultural contractor does not participate in repayment. Typically, this happens when the purchasing contractor is downstream from the seller. This issue needed clarification for properly charging the urban contractor for additional use of the transportation facilities to deliver the purchased water under this circumstance. This amendment clarifies when a purchasing contractor will be charged capital transportation charges for using transportation facilities retroactively and prospectively, or only retroactively.

This amendment would clarify Article 53 by amending Article 53(g) and adding Article 53(k). Article 53(g) will be amended to specify that those transportation facilities being addressed are facilities in which the buyer contractor previously participated in repayment, or facilities for which the contractor paid for excess capacity, or newly constructed facilities. Contractors will be charged the same transportation charge for deliveries of transferred entitlement through these facilities as for deliveries of annual entitlement provided in Table A. Deliveries of this annual entitlement are assigned delivery priorities six and seven in Article 12(f).

When a contractor purchases additional entitlement water, Article 53(k) defines how transportation charges to be imposed. Article 53(k) will be added to specifically address payment of charges for use of project facilities to deliver purchased entitlement in excess of the delivery capability for which the buyer contractor previously paid. Contractors purchasing a portion of the 130,000 acre-feet offered by the agricultural contractors, or the 33,000 acre-feet proposed for transfer by the Coastal Aqueduct contractors, are offered a choice to pay prospective capital transportation charges only or to pay both retroactive and prospective charges. By paying prospective charges only, the purchasing contractor will receive deliveries at a lower priority than purchasing contractors that pay both. This expressly implements the intent in the Monterey Amendment to assure that other contractors participating in repayment of capital costs in such reaches are not adversely affected. Article 53(k) is to be read in conjunction with delivery priorities six and seven described in Article 12(f).

Transfers and priorities were previously addressed in the Monterey Agreement EIR. The provisions regarding charges constitute a modification or restructuring of rates charged by the Department for the purpose of meeting operating expenses and financial reserve needs. As such, they fall under the rate-making exemption to CEQA in Public Resources Code Section 21080(b)(8) and CEQA Guidelines Section 15273. Also, see CEQA Guidelines Section 15378(b)(4) (government fiscal activities are not a project subject to CEQA).

Use-of-facilities Charge

The long-term water supply contracts specify that contractors pay a Transportation Charge for the project transportation facilities used for deliveries. Traditionally, the Department charged contractors a use-of-facilities fee to use portions of project facilities that were not included in that contractor's transportation charge. The Monterey Amendment addressed this issue by adding the following clause: “Only those contractors not participating in the repayment of a reach shall be required to pay any use-of-facilities charge for the delivery of water through that reach.” This provision became a concern for some contractors who elected to participate in storage or exchange programs. For example, one contractor in a two-party exchange or storage program may have participated in repayment of the reach but the other did not participate. The Department charged non-

repayment participants a use of facility fee even when the exchange or storage partner had participated in repayment, and it was this circumstance which the amendment sought to clarify. To accomplish this, Article 30 was added to establish the general principle that a use-of-facilities charge would be imposed only for use of those project transportation facilities for which a contractor does not participate in repayment. A new sentence was added to Article 12(f) to clarify the applicable delivery priority when a use of facility fee is applied (see discussion above on priorities). Various other articles were amended to clarify that if either partner participated in repayment, there would be no use-of-facilities charge imposed. There are four articles affected by this change: Article 21(b) for interruptible water; Article 55 for nonproject water; Article 56(c)(6) for stored water; and Article 56(f) for exchange water.

The changes made by this amendment constitute a modification or restructuring of rates charged by the Department for the purpose of meeting operating expenses and financial reserve needs. As such, they fall under the rate-making exemption to CEQA in Public Resources Code Section 21080(b)(8) and CEQA Guidelines Section 15273. Also, see CEQA Guidelines Section 15378(b)(4) (government fiscal activities are not a project subject to CEQA).

Credit for Use-of-facilities Fee Paid Prior to this Amendment

Some contractors paid use-of-facilities fees for delivering water to interim storage even though their storage partner was another contractor that had participated in repayment for those transportation facilities used in making those deliveries. As described above, no fees would be charged since the storage partner is paying. This amendment provides the authority to credit payments for use-of-facilities fees paid by a contractor to convey water to interim storage when the contractor uses project transportation facilities for the conveyance and the storage partner does participate in repayment.

As described above, charging or not charging a use-of-facilities fee constitutes a modification or restructuring of rates charged by the Department for the purpose of meeting operating expenses and financial reserve needs. Similarly, a decision to credit a contractor for past payment of a use-of-facilities fee is a modification of rates charged by the Department. As such, it falls under the rate-making exemption to CEQA in Public Resources Code Section 21080(b)(8) and CEQA Guidelines Section 15273. Also, see CEQA Guidelines Section 15378(b)(4) (government fiscal activities are not a project subject to CEQA).

Rate Management Funds Allocation

The Monterey Amendment established a rate management program for reducing the charges contractors are required to pay. These reductions are allocated among the contractors by different formulas, depending on whether the contractor is an urban or agricultural contractor.

Article 51(f)(2)(ii) would be amended to clarify the basis for calculating the rate management funds allocation among urban contractors. A component of the calculation would be based on the applicable Bulletin 132 report, using Table B-15, Capital Cost Component of Transportation Charge for Each Contractor. The calculation would reflect charges for the Coastal Extension and the East Branch Extension Phases I and II. The effect will be to limit the extent that the Department's future construction programs will have on the rate management allocation amounts.

The changes made by this amendment constitute a clarification of rates charged by the Department for the purpose of meeting operating expenses and financial reserve needs. As such, they fall under the rate-making exemption to CEQA in Public Resources Code Section 21080(b)(8) and CEQA Guidelines Sections 15273. Also, see CEQA Guidelines Section 15378(b)(4) (government fiscal activities are not a project subject to CEQA).

Agricultural Trust Fund Payment Requests

The Rate Management Program established by the Monterey Amendment reduces charges to all contractors who signed the amendment. The reductions allocated to agricultural contractors are placed in a trust account, known as the Agricultural Trust Fund. Agricultural contractors may request that trust funds be used to make their payments under the contract in years when the water supply is less than 100 percent of requested annual entitlement. In addition, a Monterey Amendment provision unique to Tulare Lake Basin Water Storage District (Tulare) provides that Tulare may use trust funds when district lands on April 15 of any year are unavailable for farming due to flooding. In both 1997 and 1998, district lands were flooded long after April 15, prompting Tulare to request that the date be changed to June 30 in this amendment.

Article 51(h)(4)(iv) will be added to increase the conditions under which Tulare may request that its payments be made from the Agricultural Trust Fund under its water supply contract. This amendment permits such a request up to June 30 if flooding occurred in the contractor's service area during that year. The changes made by this amendment constitute a modification or restructuring of rates charged by the Department for the purpose of meeting operating expenses and financial reserve needs. As such, they fall under the rate-making exemption to CEQA in Public Resources Code Section 21080(b)(8) and CEQA Guidelines Section 15273. Also, see CEQA Guidelines Section 15378(b)(4) (government fiscal activities are not a project subject to CEQA).

Change in Maximum Allocation for Castaic Lake

Under a defined set of operational conditions, Article 54 (h) of the Monterey Amendment permit contractors who participate in the repayment of Castaic Lake's capital costs to withdraw water totalling approximately 50 percent of the reservoir active storage at the contractor’s discretion. This reservoir storage amount is termed “Flexible Storage.” Article 54 (h) permits the West Branch contractors to withdraw “Flexible Storage” from their respective service connections to provide flexibility, water management benefits, and emergency supply to the agencies. These contractors are currently permitted to withdraw up to a collective amount of 160,000 acre-feet of water from the reservoir. The storage amounts available for each contractor, their Maximum Allocation, is based on Proportionate Use-of-facilities Factors described in Table B-1 of Bulletin 132-95 *(DWR 1995)*. The West Branch contractors are Metropolitan Water District of Southern California, Ventura County Flood Control and Water Conservation District, and Castaic Lake Water Agency (CLWA).

The West Branch contractors can withdraw all or a portion of their Maximum Allocation. Withdrawn water must be replaced within five years from the year in which the withdrawal occurred. If a contractor fails to replace the water within the five year period, then the Department will provide the replacement water from water scheduled for delivery to the contractor in the sixth year or as soon as possible thereafter.

The proposed amendment would permit CLWA to have access to an additional amount of flexible storage in Castaic Lake. Table 1 shows the current and future Maximum Allocation among the participating contractors.

Table 1 Castaic Lake flexible storage allocation

Participating Contractors	*Proportionate Use Factor*	*Existing Maximum Allocation (acre-feet)*	*Future Maximum Allocation (acre-feet)*
The Metropolitan Water District of Southern California	0.96212388	153,940	153,940
Ventura County Flood Control and Water Conservation District	0.00860328	1,376	1,376
Castaic Lake Water Agency	0.0292784	4,684	9,484
Total	1.00000000	160,000	164,800

Castaic Lake Water Agency has requested an amendment to its water supply contract to increase the collective Maximum Allocation of Castaic Lake flexible storage from 160,000 acre-feet to 164,800 acre-feet. All of the additional increase in Maximum Allocation would be available to CLWA.

In a separate but related action, CLWA recently evaluated a water transfer option that would increase their entitlement and improve reliability. CLWA has prepared an EIR (CLWA 1998) to address the permanent transfer of 41,000 acre-feet per year of SWP entitlement from the Kern County Water Agency (KCWA) and its member agency, Wheeler Ridge-Maricopa Water Storage District (WRMWSD) to CLWA. This transfer was approved by the Department and completed on March 31, 1999, and was challenged in a lawsuit filed on April 30, 1999. After implementation, the transferred water will be temporarily stored and regulated for delivery from Castaic Lake to provide a reliable long-term water supply and to accommodate future water demands in the CLWA service area. Transfers of this kind were made possible by the Monterey Amendment. Impacts and mitigation measures associated with this action were identified in the EIR prepared for the CLWA, which is available for review at CLWA or at the Department. Increases in water demand, expected within the CLWA service area, are based on projected development in the Los Angeles County General Plan *(Los Angeles County 1980)*, as amended and the Santa Clarita Area Plan *(1988)*.

Although the 41,000 acre-feet transfer is not dependent on this proposed amendment, the additional storage provided by this amendment will facilitate CLWA's use of the purchased entitlement. Physical impacts expected to occur at Lake Castaic as a result of this amendment are analyzed on pages 37 to 41 of this Initial Study.

Chapter II. Project Location and Water Contract Activities

The State Water Project is a water supply and distribution system authorized by the State in 1959 and approved by the voters in 1960. The California Department of Water Resources operates the facilities that make up the SWP. These facilities include 29 dams and reservoirs, 22 pumping and generating plants, and over 600 miles of canals, pipelines and tunnels. The SWP facilities provide a water supply to approximately two-thirds of the State's population. Figure 2 shows the major SWP facilities located throughout the State. The SWP service areas and long-term water supply contractors are shown in Figure 3.

The original water supply contracts were signed in the early 1960s. Since the State Water Project began, the water supply contracts between the Department and the water contractors have been amended several times to incorporate changes. Most amendments appear under four general categories:

1. Annual entitlement revisions;

2. Aqueduct enlargements and extensions;

3. Water delivery and priority provision; and

4. SWP financial provisions, including revenue bond repayment provisions.

The proposed changes to the water supply contracts may be incorporated in any or all of the water supply contracts of those contractors who signed or will sign the Monterey Amendment. Approval by the Department and contractors holding 90 percent or more of maximum annual Table A entitlement is required for this amendment to go into effect. The proposed amendments to the water supply contract will not result in the development of lands or the construction of additional facilities. Any development that results from the proposed changes would be subject to the administrative actions and general plans of the applicable municipal and county governments within the respective service areas. The proposed amendments will not conflict with local general plans or zoning designations applicable to the affected areas, conflict with adopted environmental plans or goals of counties and other local jurisdictions with land use authority, affect existing agricultural operations, or disrupt or divide the physical arrangement of a county. Any construction or land development within a specific service areas will be subject to compliance with the California Environmental Quality Act, applicable zoning designations, and existing or amended county general plans.

Figure 2 State Water Project facilities (from DWR 1997)

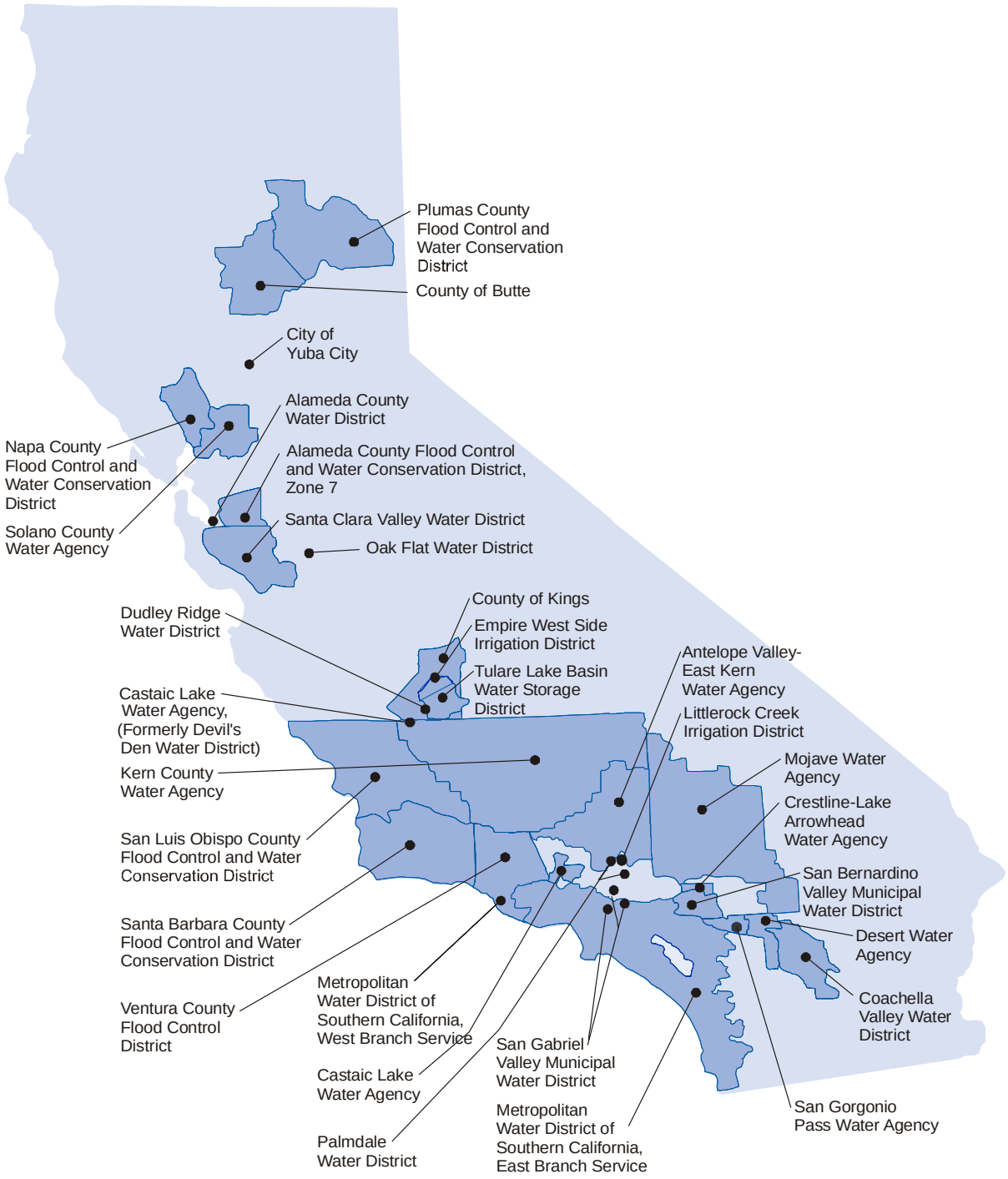

Figure 3 State Water Project Water Supply Contractors and service areas (from DWR 1997)

Chapter III. Existing Environment

Summary

This chapter describes the existing environment and how it might be impacted by the proposed amendment. Impact areas that potentially could be significantly impacted by the project are analyzed in more detail in Chapter IV.

In summary, this chapter describes how significant adverse impacts within the SWP service area are not expected to result from amending the water supply contracts since most of the changes clarify the original intent of the Monterey Amendment. A discussion of statewide physical, biological, and cultural resources is included in the Monterey Agreement programmatic EIR in pages 3-1 through 5-3. The overall potential for impacts to physical, biological and cultural resources attributable to the proposed amendment is expected to be less than significant since none of the changes involve ground-disturbing activities or construction of facilities. Activities associated with the change in the maximum allocation for Castaic Lake, however, could affect the lake's fish and recreation resources. This chapter provides a description of resources, focused primarily on those within or adjacent to the CLWA service area.

Geology and Soils Resources

Statewide geology and soils resources are described in the Monterey Agreement EIR on page 3-2. Castaic Lake is located within a mountainous area generally underlain by igneous and sedimentary rocks ranging in age from Jurassic to Pliocene. The lake is formed at the confluence of Castaic Creek and Elizabeth Lake Canyon Creek, northwest of Los Angeles. Geology near the lake consists of stream channel alluvium, marine shales, siltstones, mudstones, and sandstones of the upper Miocene Castaic Formation. Overlying the Castaic Formation is the terrestrial Saugus Formation that includes coarse sandstones and conglomerates of Pleistocene age. Soils vary considerably from the materials that make up the Castaic and Saugus formations.

Stream channel deposits are highly permeable deposits of sand, gravel, and cobbles. The nearby hill slopes and ridges contain clay loams, silty clay loam, and silty loam. Slope stability or landslide potential is a problem in areas characterized by these soil types. Soil erosion potential is considered high throughout much of the area due to the highly erodible nature of the soils and their moderately slow to rapid permeability. Liquefaction potential is not considered to be a major concern for the area.

Castaic Lake is located within 18 miles of the San Andreas Fault. This northwest trending fault is the source of many large earthquakes in California and is considered likely to produce strong ground shaking in the future. A number of potentially active faults traverse the area but only the San Andreas Fault is considered to be capable of producing strong ground shaking within the valley. The San Gabriel Fault runs northwest to southwest through Castaic Valley. The Holser Fault trends east to west, paralleling the Santa Clara River and passing through Val Verde. No known active faults have been mapped within Castaic Lake (Jennings 1994). Potential impacts on geology could occur due to fluctuations in lake levels. These impacts are described in detail in Chapter IV.

Water Supply

The amount of SWP water approved for delivery each year to long-term water supply contractors is initially based on water currently stored in SWP conservation reservoirs, the Department's projection of annual hydrology, and the ability of SWP facilities to conserve and convey the water to the contracting agencies. To assess the available supply, the water held in SWP storage facilities is added to a very conservative estimate of the runoff anticipated for the year from precipitation and snowmelt. Water supply allocation amounts are refined as the water year develops. Allocations are normally increased as the actual water supply becomes more definite. SWP water supply is described in the Monterey Agreement EIR starting on pages 3-2 and 4-4.

The CLWA expects water demands within their service area to increase from a 1986 total of 31,784 acre-feet per year to a projected 2010 demand of 120,000 acre-feet per year. Castaic Lake Water Agency identified several options to meet their anticipated 2010 demands in an EIR completed in 1988 (CLWA1988). These options included acquiring additional SWP supplies through water transfers, using groundwater, and incorporating conservation and reclamation measures. By incorporating reasonable conservation measures, the projected net demand could be reduced to about 106,000 acre-feet. This report, goes on to state that the Agency believes the State Water Project can reliably deliver only about 50 percent or 27,100 acre-feet of its current entitlement of 54,200 acre-feet per year during dry periods.

In 1998 CLWA published an EIR (CLWA 1998) that evaluated the potential of permanently transferring 41,000 acre-feet of SWP water from the Wheeler Ridge Maricopa Water Agency. In January 1999, this transfer was completed, bringing CLWA's current annual entitlement to 95,200 acre-feet per year from the State Water Project and increasing CLWA's reliable dry year supplies to 47,600 acre-feet per year. However, a lawsuit was filed on April 30, 1999 challenging this water transfer.

Castaic Lake Water Agency also expects to obtain about 43,000 acre-feet of additional water supplies from the alluvial and Saugus groundwater basins on a reliable basis. If delivery of CLWA's current entitlement continues, CLWA expects that approximately 24,800 acre-feet of additional water may be required in dry years to firm up the reliability of its current entitlement of 95,200 acre-feet. The Agency anticipates that this source will provide approximately 12,400 acre-feet (50 percent) of additional reliable supply.

As part of the proposed water supply contract amendments, Castaic Lake Water Agency has requested an increase in their Flexible Storage, as described in the Project Description. Currently, Castaic Lake Water Agency may withdraw up to 4,684 acre-feet per year of Flexible Storage from Castaic Lake. The proposed water supply contract amendment would make available 4,800 acre-feet per year of additional Flexible Storage from Castaic Lake for the Agency's use.

Biological Resources

Statewide biological resources were discussed in the programmatic EIR for the Monterey Agreement starting on page 3–4. A brief discussion is included in this section to determine whether the proposed change in maximum allocation for Castaic Lake (see Appendix B, Article 54(h)) would potentially cause impacts to biological resources, particularly the lake's warm water fishery.

Major vegetation types within the CLWA service area include oak woodlands, chaparral, sage scrub, grasslands, riparian scrub, and riparian woodlands. Vegetation near Castaic Lake consists of upland scrub and chaparral communities on the steep slopes and sparsely vegetated riparian species along the shoreline of the lake.

Common wildlife species found within the CLWA service area include the following: Western fence lizard, San Diego horned lizard, western rattlesnake, black-tailed jackrabbit, deer mouse, mule deer, coyote, and bobcat. Common wildlife species primarily associated with the lake include the following: osprey, bald eagles, waterfowl, and fish. Tables 2 and 3 show information regarding the occurrence of sensitive vegetation and wildlife. Impacts to sensitive or protected species or their habitat are expected to be less than significant as a result of these amendments.

Table 2 Sensitive plant species potentially occurring near Castaic Lake

Species	*Status Federal[a]/State[b]/California Native Plant Society[c]*	*Habitat*	*Distribution in the Project Region*
Nevin's barberry *Berberis (=Mahonia) nevinii*	C1/CE/1B	Chaparral, coastal scrub, cismontane woodland, riparian woodland; on shady or gravelly soils. Flower: March–April	May occur in appropriate upland habitat around Castaic Lake.
San Fernando Valley spineflower *Chorizanthe parryi var. fernandina*	—/1A	Formerly inhabited sandy/gravelly washers in coastal scrub.	Historically found in vicinity of Castaic, Newhall, but now believed to be extinct.
San Gabriel bedstraw *Galium grande*	C2/—/1B	Chaparral, cismontane woodlands, upland and lower montane forests. Flowers: June–July	May occur in appropriate upland habitat around Castaic Lake.

[a] Federal status (determined by the US Fish and Wildlife Service [USFWS]):
E – In danger of extinction throughout all or a significant portion of its range.
T – listed as threatened by the USFWS.
C1 – USFWS has sufficient biological information to support a proposal to list as endangered or threatened.
C2 – Information indicates that proposing to list these species is possibly appropriate, though more data on vulnerability and threat is necessary.

[b] State status:
E – listed as endangered by the State of California
T – listed as threatened by the State of California
CSC – California Department of Fish and Game "Species of Special Concern."

[c] California Native Plant Society (CPNS) status:
CPNS List 1A – plants considered by CNPS to be extinct, but could be rediscovered.
CPNS List 1B – plants considered rare or endangered in California; eligible for State listing.

Castaic Lake is primarily known for its largemouth bass fishery. Largemouth bass prefer clear waters with temperatures ranging between 68 to 78 degrees. Spawning occurs from April to early June (Moyle 1973). Generally, the male builds the nest along the shoreline of the reservoir at depths of one and one-half to three feet, but sometimes as deep as 15 feet. The average weight of

largemouth bass in Castaic Lake is ten pounds, with a minimum size of twelve inches. The Department of Fish and Game estimated that the population of bass exceeding twelve inches was about 17,500 fish in 1995-1996 *(DFG 1998)*. In the last two years, largemouth bass caught in the lake have been smaller. The Department of Fish and Game is investigating several theories to explain the general decline of the fishery and to develop a fishery management plan. One theory is that striped bass may be transported from Pyramid Lake into Castaic Lake during off-peak power generation. The striped bass entering Castaic Lake are believed to out-compete the largemouth bass for food and cover. A second theory is that because of the changes in water surface elevation, coupled with wave action and the steep slope of the reservoir, the survival and growth of larval and juvenile largemouth bass are affected by a lack of sufficient, submerged vegetative cover. Due to the general decline in the largemouth bass fishery and the fact that reservoir fisheries tend to decline as they age, natural recruitment may need to be augmented with stocked fish in the future.

Table 3 Sensitive animal species potentially occurring near Castaic Lake

Species	*Status Federal[a]/State[b]/ California Native Plant Society[c]*	*Habitat*	*Distribution in the Project Region*
California condor *Gymnogyps californianus*	FE/CE	Formerly inhabited the southern coast range from Monterey County to Los Angeles County. Nests on cliffs and forages on carrion. All known condors were taken from the wild in the 1980s. A release program is ongoing.	Several condors were released in the Sespe Wilderness in Ventura County. In the early 1990s, condors frequented Castaic Lake and one was killed by electrocution on power lines. Recently, attempts have been made to restrict released birds to Lion Canyon in Santa Barbara County.
Osprey *Pandion haliaetus*	—/CSC	Occurs along rivers, lakes, and coasts. Feeds solely on fish.	Expected to occur at Castaic Lake.

[a] Federal status (determined by the US Fish and Wildlife Service [USFWS]):
E – In danger of extinction throughout all or a significant portion of its range.
T – listed as threatened by the USFWS.
C1 – USFWS has sufficient biological information to support a proposal to list as endangered or threatened.
C2 – Information indicates that proposing to list these species is possibly appropriate, though more data on vulnerability and threat is necessary.

[b] State status:
E – listed as endangered by the State of California
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CSC – California Department of Fish and Game "Species of Special Concern."

[c] California Native Plant Society (CPNS) status:
CPNS List 1A – plants considered by CNPS to be extinct, but could be rediscovered.
CPNS List 1B – plants considered rare or endangered in California; eligible for State listing.

Table 3 Sensitive animal species potentially occurring near Castaic Lake (Continued)

Species	*Status Federal[a]/State[b]/ California Native Plant Society[c]*	*Habitat*	*Distribution in the Project Region*
Golden eagle *Aquila chrysaetos*	—/CSC	Nests in rugged mountain areas, on cliffs, and occasionally in trees. Forages widely in a variety of habitats.	Expected to occasionally forage over the project area.
Arroyo chub *Gila orcutti*	C2/CSC	Occurs in slow-moving sections of streams where bottom is sand or mud.	May occur in parts of the Santa Clara River and Castaic Creek.
Santa Ana sucker *Catostomus santaanae*	C2/CSC	Occurs in clear, cool, rocky pools and creeks, and small- to medium-sized rivers	May occur in parts of the Santa Clara River system in Los Angeles and Ventura counties.
San Diego horned lizard *Phrynosoma coronatum blainvillei*	C2/CSC	Associated with sandy or gravelly substrates in a variety of habitats including coastal sage scrub and chaparral.	Expected to occur in habitats around Castaic Lake.
coastal western whiptail *Cnemidophorus tigris multiscultatus*	C2/CSC	Frequents arid and semi-arid habitats with open areas for running, such as open chaparral, coastal sage scrub, riparian scrub, and grassland.	Expected to occur in habitats around Castaic Lake.
San Diego black-tailed jackrabbit *Lepus californicus bennettii*	C2/CSC	Prefers open scrub habitats such as coastal sage scrub, chaparral, and riparian scrub.	Occurs in upland habitats around Castaic Lake.
San Diego desert woodrat *Neotoma lepida intermedia*	C2/CSC	Inhabits rock outcrops in coastal sage scrub and chaparral habitats.	Expected to occur in suitable habitat around Castaic Lake.

[a] Federal status (determined by the US Fish and Wildlife Service [USFWS]):
E – In danger of extinction throughout all or a significant portion of its range.
T – listed as threatened by the USFWS.
C1 – USFWS has sufficient biological information to support a proposal to list as endangered or threatened.
C2 – Information indicates that proposing to list these species is possibly appropriate, though more data on vulnerability and threat is necessary.

[b] State status:
E – listed as endangered by the State of California
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CSC – California Department of Fish and Game "Species of Special Concern."

[c] California Native Plant Society (CPNS) status:
CPNS List 1A – plants considered by CNPS to be extinct, but could be rediscovered.
CPNS List 1B – plants considered rare or endangered in California; eligible for State listing.

Table 3 Sensitive animal species potentially occurring near Castaic Lake (Continued)

Species	*Status Federal[a]/State[b]/ California Native Plant Society[c]*	*Habitat*	*Distribution in the Project Region*
southern California rufous-crowned sparrow *Aimophila ruficeps canescens*	C2/CSC	Rocky chaparral, coastal sage scrub.	Potentially could occur in the coastal sage scrub habitat around Castaic Lake.
Bell's sage sparrow *Amphispiza belli belli*	C2/CSC	Chaparral, especially chamise.	Unlikely to occur in the upland habitats around Castaic Lake.

[a] Federal status (determined by the US Fish and Wildlife Service [USFWS]):
E – In danger of extinction throughout all or a significant portion of its range.
T – listed as threatened by the USFWS.
C1 – USFWS has sufficient biological information to support a proposal to list as endangered or threatened.
C2 – Information indicates that proposing to list these species is possibly appropriate, though more data on vulnerability and threat is necessary.

[b] State status:
E – listed as endangered by the State of California
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[c] California Native Plant Society (CPNS) status:
CPNS List 1A – plants considered by CNPS to be extinct, but could be rediscovered.
CPNS List 1B – plants considered rare or endangered in California; eligible for State listing.

Other species inhabiting the lake include hatchery-raised rainbow trout, striped bass, bluegill, redear sunfish, white crappie, channel catfish, white catfish, carp, threadfin shad, and Mississippi silversides. Hatchery-raised rainbow trout were first stocked in the lake in 1971. The striped bass fishery may have become established in Castaic Lake as a result of a rapid refilling from Elderberry Forebay following a sharp drawdown in 1994 (DFG 1998).

Cultural Resources

As stated in the Monterey Agreement programmatic EIR on pages 4–66 through 4–72, the creation of Castaic Lake inundated most of the prehistoric resources and potential archeological sites that may have occurred on the lake's edge *(CLWA 1995)*. Historically, the Castaic Lake area was inhabited by the Tataviam Indians, a small group of Shoshone-speaking people who lived in approximately twenty villages along Piru Creek, Castaic Creek, and the upper reaches of the Santa Clara River drainage. The actions proposed by these amendments would not result in any earth disturbing activities. No historic properties listed or considered eligible for listing on the National Register of Historic Places would be affected as a result of this amendment. The potential impacts resulting from lake level drawdowns is discussed in Chapter IV.

Land Use

Statewide and site-specific assessments of land use were discussed in the Monterey Agreement programmatic EIR on pages 3-5 and 4-76. Existing land use within the Castaic Lake Water Agency service area includes residential, commercial, industrial, public/institutional, agricultural

and open space, and national forest *(CLWA 1999)*. Development is constrained in portions of the service area due to steep terrain and potential flooding. Approximately 30,000 acres of the service area contain improved parcels and approximately 88,000 acres are unimproved. Table 4 shows the existing land uses within the service areas. The proposed water supply contract amendment is not expected to alter land use patterns in the service areas or adversely affect existing agricultural operations. No significant impacts to land use are anticipated as a result of this amendment.

Recreation

Statewide recreation resources were addressed in the Monterey Agreement EIR and are unlikely to be affected by the proposed contract amendment. Potential site-specific recreation impacts may occur at Castaic Lake due to the proposed change in the Maximum Allocation for Castaic Lake.

Castaic Lake is located about 45 miles northwest of Los Angeles and two miles north of Castaic. The Castaic Lake facility consists of Castaic Lake, Elderberry Forebay, and Castaic Lagoon. The maximum operating storage capacity of Castaic Lake is 323,702 acre-feet and a minimum operating storage capacity of 18,590 acre-feet. The surface area of the lake is 2,235 acres at maximum operating elevation and 372 acres at minimum operating elevation. The length of shoreline at maximum operating elevation is 29 miles. Castaic Lake receives water from Pyramid Lake to the north through the Castaic pump-generation powerplant. Castaic Lake is cycled annually, generally peaking in end-of-month storage in March with drawdown taking place through the following months until a low is reached in October.

The Los Angeles County Department of Parks and Recreation operates Castaic Lake State Recreation Area (which also includes the Castaic Lake Lagoon). Because of its internationally recognized, premier, trophy-sized largemouth bass fishery, the lake receives considerable fishing pressure from anglers throughout southern California *(DFG 1998)*. The lake has produced several record-sized fish exceeding twenty pounds. Other recreation activities enjoyed at the lake include boating, water skiing, jet skiing, and wind surfing, and picnic and camping facilities. Castaic Lake Lagoon, a 5,700 acre-feet afterbay with a water surface elevation of 1,134 feet, provides additional recreation facilities downstream from the dam. Recreational impacts are described in more detail in Chapter IV.

Table 4 Existing land use in the Castaic Lake Water Agency service area[a]

Plan Code Designation and Land Use Category	*Improved Parcels*		*Unimproved Parcels*		*Total Acres*
	Acres	*Percent*	*Acres*	*Percent*	
C–Commercial	1,564	1.3	1,558	1.3	3,122
HM–Hillside Management	6,057	5.1	33,614	28.4	39,671
M–Industrial	2,349	2.0	3,246	2.7	5,595
Mu–Municipal	407	0.3	72	0.1	479

[a] (Source: Reiter–Lowry 1998 in CLWA 1999)

[b] DU/Ac = dwelling units per acre. Percentages total slightly less than 100.0 due to rounding.

Table 4 Existing land use in the Castaic Lake Water Agency service area[a]

Plan Code Designation and Land Use Category	*Improved Parcels*		*Unimproved Parcels*		*Total Acres*
	Acres	*Percent*	*Acres*	*Percent*	
N1–Non-Urban Residential (0.5 DU/Ac)	2,812	2.4	4,810	4.1	7,622
N2–Non-Urban Residential (1.0 DU/Ac[b])	706	0.6	2,314	2.0	3,020
NF–National Forest	647	0.5	8,442	7.1	9,089
O–Open Space and Agriculture	880	0.7	12,069	10.2	12,949
P–Public Service Facilities	89	0.1	2,763	2.3	2,852
PF–Public Service Facilities	0	0.0	32	0.0	32
RR–Resort Recreation	518	0.4	74	0.1	592
TC–Transportation Corridor	0	0.0	49	0.0	49
U1–Urban Residential (1.1–3.3 DU/Ac)	8,682	7.3	8,389	7.1	17,071
U2–Urban Residential (3.4–6.6 DU/Ac)	1,064	0.9	1,692	1.4	2,756
U3–Urban Residential (6.7–15.0 DU/Ac)	68	0.1	405	0.3	473
U4–Urban Residential (15.1–40.0 DU/Ac)	252	0.2	186	0.2	438
VC–Floodway/Floodplain	2,365	2.0	6,121	5.2	8,486
W–Undefined	1,596	1.4	2,305	2.0	3,901
Total	30,056	25.3	88,141	74.5	118,197

[a] (Source: Reiter–Lowry 1998 in CLWA 1999)

[b] DU/Ac = dwelling units per acre. Percentages total slightly less than 100.0 due to rounding.

Population

Statewide and site-specific assessments of population impacts were discussed in the Monterey Agreement programmatic EIR on pages 3–23 through 2–26. The 1990 population and the 2000–2020 projected population for the urban regions of San Francisco Bay area, South Coast area and the State total are shown in Table 5. Castaic Lake Water Agency is located within the south coast area. As stated in the Monterey Agreement EIR, it is highly probable that additional water will be delivered to multiple agencies within the south coast area. Growth inducement is discussed in the Monterey Agreement programmatic EIR on page 3-23 and on page 6-1 of the CLWA supplemental Water Project EIR (SAIC 1999). Therefore, the proposed amendment to the water supply contracts is not expected to induce population growth.

Table 5 California population by hydrologic region (in thousands)[a]

Hydrologic Region	*1990*	*2000*	*2010*	*2020*
San Francisco Bay Area	5,484	6,215	6,611	7,025
South Coast	16,293	19,273	22,098	24,327
State Total	30,000	36,500	42,500	48,900

[a] Source: DWR 1994, 1998

Energy and Mineral Resources

The proposed water supply contract amendment is not expected to result in impacts to energy and mineral resources. The increased energy consumption as a result of the amendment will be less than significant.

Noise

The proposed water supply contract amendment is not expected to contribute to statewide ambient noise levels.

Chapter IV. Potentially Significant Environmental Effects and Mitigation

This chapter analyzes those impact areas identified in Chapter III as potentially affected by the proposed amendment. The potential impacts identified on the following pages focus on the foreseeable environmental consequences which could occur as a result of implementing amendments to SWP water supply contracts. The proposed amendments are intended to clarify the interpretation of the contract language included in the Monterey amendments. These amendments would be expected to have minimal environmental impacts and primarily involve potential changes in rates paid by water contractors. Existing physical, biological, cultural and other resources within the respective service areas would be generally unaffected by these amendments.

The following sections discuss potentially impacted resources and mitigation measures that could be incorporated to reduce the level of impacts to less than significant. As discussed in the previous section, the environmental effects and mitigation are primarily associated with activities in the Castaic Lake area. In most cases, the activities described in the Description of Project section are exempt from the CEQA process, and those exempt activities have been noted.

Geology and Soils

Impact Discussion. The proposed water supply contract amendments involve no construction activities and are unlikely to affect statewide geological or soil resources. Site specific changes in operation at Castaic Lake may increase reservoir fluctuations and potentially increase erosion problems around the shoreline. The potential for erosion to occur would increase in the fall and early winter months when the lake level is low. In areas where vegetation growth is sparse, due to the steep slopes of the reservoir, erosion impacts could increase. All seismic conditions that currently exist in the area would remain. As described in Chapter III, lake level changes of up to one foot are expected to result at Castaic Lake. This change is not considered to be significant.

The proposed amendment will increase the probability that CLWA will be able to meet its scheduled deliveries, but does not increase the total of those deliveries above the current CLWA contract amounts. Since CLWA represents only a small portion of the total withdrawals from the lake, and water withdrawn under the proposed amendment will represent only a fraction of CLWA's normal regulatory storage withdrawals, the proposed contract change will produce only a small change in the reservoir's water surface elevation, particularly in comparison to the water surface level changes that occur during a typical year (see Figures 4 and 5 and Tables 5 through 8). Since the changes will be small, will occur infrequently, will be temporary, and will not reduce the reservoir's water surface elevation to a level different from typical water surface elevations of the past, the water surface elevation changes will not have a significant impact on erosion and mitigation is not required.

Environmental benefits could be achieved if the shoreline of the lake should be stabilized by planting grasses or willows on exposed banks to minimize the potential for erosion from lake level fluctuations and wave action.

Water Supply

Impact Discussion. The proposed amendments to the water supply contracts involve no construction activities. The acquisition of additional flexible storage in Castaic Lake would improve water supply reliability for the CLWA in dry years but would not increase the maximum contract amount of water delivered to CLWA. As described in Chapter III, lake level changes of up to one foot are expected to result at Castaic Lake. Given the historical fluctuations at the lake, this change is not considered to be significant.

Biological Resources

Impact Discussion. The proposed amendments to the water supply contract involve no construction activities, therefore, are unlikely to directly affect vegetation or wildlife resources. However, the proposed delivery change for Castaic Lake could increase the amount of water withdrawn from the lake by CLWA. The reservoir water level fluctuate daily and seasonally. Fluctuations in water levels, shoreline erosion and the steep slopes of the reservoir can reduce vegetative cover around the lake. With the proposed change in maximum allocation at Castaic Lake, the potential exists for additional impacts to available spawning habitat and cover for fish.

Under provisions of the Monterey Amendment, the West Branch contractors (The Metropolitan Water District of Southern California, Ventura County Flood Control and Water Conservation District, and Castaic Lake Water Agency) can withdraw 160,000 acre-feet of Flexible Storage from Castaic Lake, provided they restore the water within a five-year period. The Flexible Storage available in Castaic Lake represents only a portion of the available regulatory storage pool in the lake, which equals 241,979 acre-feet for all three contractors. The total capacity of Castaic Lake is 323,700 acre-feet.

The CLWA can currently withdraw up to 4,684 acre-feet per year of Flexible Storage in accordance with the Monterey Amendment.The proposed amendment to Article 54(h) of the water supply contract increases Castaic Lake's Flexible Storage pool from 160,000 acre-feet to 164,800 acre-feet, with the additional 4,800 acre-feet allocated to the CLWA. The proposed amendment improves the CLWA’s ability to withdraw needed water for delivery in water-short years when the full amount of regulatory storage is not used to meet delivery of full entitlement amounts.

While fluctuation of the lake surface elevation is a regular, on-going part of reservoir operations, the proposed amendments could potentially affect the frequency and duration of Castaic Lake’s surface water changes and could, therefore, potentially affect the quality of foraging and spawning habitat available to the lake's largemouth bass fishery. Due to the steep-sided and rocky nature of the reservoir, Castaic Lake is especially prone to potential impacts to largemouth bass natural recruitment due to the lack of microhabitat in the form of inundated shoreline grasses and submergent aquatic vegetation.

The rate, timing, and magnitude of Castaic Lake’s water surface elevation changes is dependent on water deliveries to the three West Branch contractors, SWP inflow to the reservoir, natural inflow, and changes due to evaporation and other causes. Figure 4 shows examples of daily surface water elevation changes for May through August in 1995–1998. As shown in Table 6, surface water elevation of the lake declined in varying amounts, averaging about 13 feet from 1 May to 31

August in recent years, with a maximum decline of 36 feet in 1997. The 1997 decline was atypical and was due to revised reservoir operations to assist the California Department of Boating and Waterways. In that year, the Department lowered the lake level to 1,475 feet to allow the Department of Boating and Waterways to improve boating facilities at the lake. Construction began in September and ended in October 1997. The Department of Water Resources began refilling the lake in mid-October.

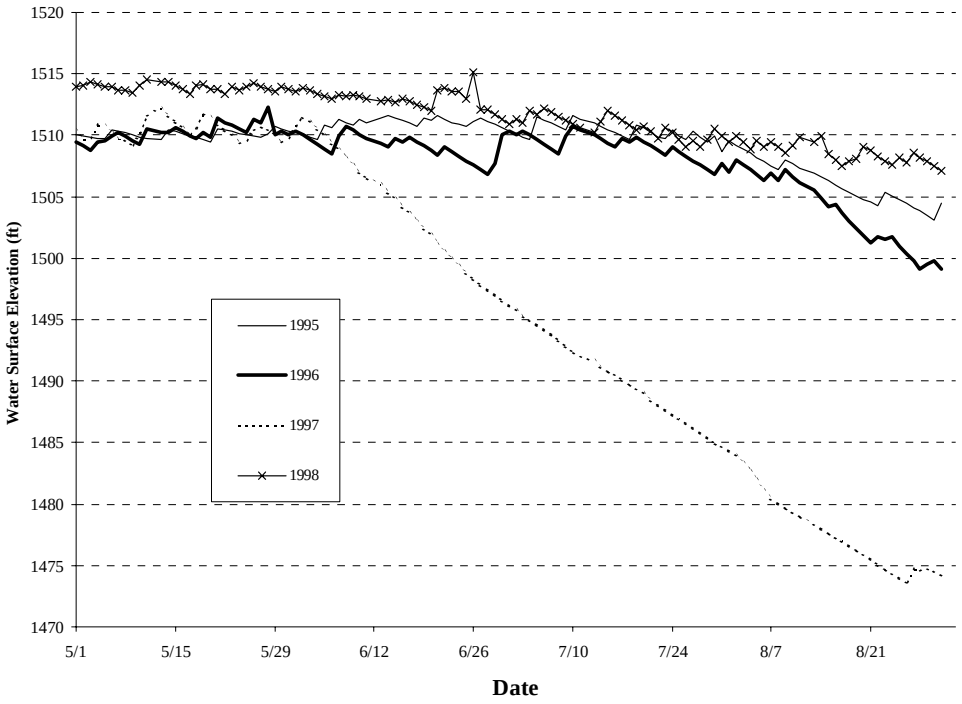

Figure 4 Water surface elevation change for May through August from 1995 to 1998. Note: During 1997, DWR modified reservoir operations to assist the Department of Boating and Waterways' repair of boat ramps.

Table 6 Surface water elevation changes (in feet), 1 May – 31 August[a]

	Annual Water Surface Changes							
Date	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*
1 May	1,441.42	1,506.00	1,502.61	1,494.31	1,510.01	1,509.45	1,510.47	1,513.95
31 August	1,509.10	1,490.0	1,493.83	1,487.86	1,504.49	1,499.09	1,474.17	1,507.10
Change	67.68	–16.00	–8.78	–6.45	–5.52	–10.36	–36.30	–6.85

[a] Mean change (1992–1998) = –12.89 (standard deviation = 10.903). Note: 1991 excluded due to atypical water surface elevation increase.

Regulatory storage withdrawals from Castaic Lake attributable to CLWA cause only a small portion of the lake's water surface elevation changes. Figure 5 shows deliveries from the reservoir to the CLWA and total deliveries for January 1995 through August 1997. Since the CLWA deliveries

represent approximately 12 percent of total West Branch deliveries during May 1995 through August 1997 (Table 7), CLWA deliveries are therefore responsible for 12 percent of the average annual water surface elevation change of 12.89 feet for May through August (see Table 6). This proportionate share equals 1.5 feet of water surface change.

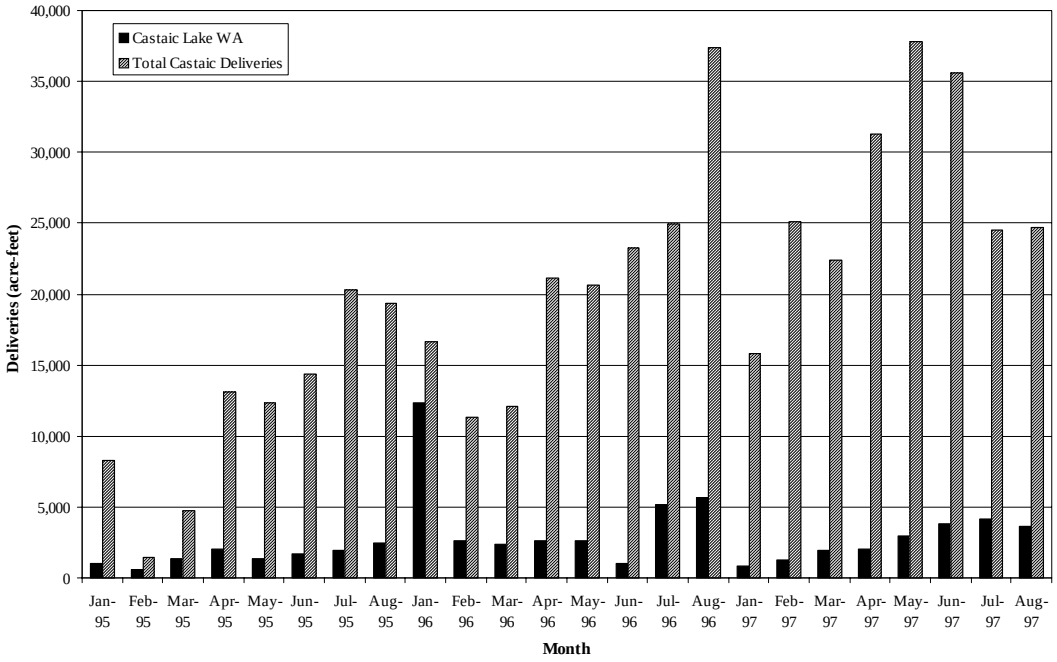

Figure 5 State Water Project deliveries from Castaic Lake

Table 7 Castaic Lake Water Agency deliveries versus total West Branch deliveries

Month and Year	*Castaic Lake Water Agency (acre-feet)*	*Total West Branch Deliveries (acre-feet)*	*Castaic Lake Water Agency/ Total (%)*
May 1995	1,374	12,372	11.1
June 1995	1,671	14,389	11.6
July 1995	1,930	20,262	9.5
August 1995	2,477	19,391	12.8
May 1996	2,654	20,665	12.8
June 1996	1,014	23,243	4.4
July 1996	5,139	24,985	20.6
August 1996	5,652	37,347	15.1
May 1997	2,967	37,775	7.9

Table 7 Castaic Lake Water Agency deliveries versus total West Branch deliveries

Month and Year	*Castaic Lake Water Agency (acre-feet)*	*Total West Branch Deliveries (acre-feet)*	*Castaic Lake Water Agency/ Total (%)*
June 1997	3,825	35,586	10.7
July 1997	4,164	24,507	17.0
August 1997	3,630	24,725	14.7

Moyle (1976) noted that largemouth bass usually begin spawning in April in nests at depths of one to two meters (3.3 to 6.7 feet). Water surface elevation changes of three or more feet during May through August at Castaic Lake may reduce vegetation cover along the margins of the reservoir, reducing spawning success during April through June and survival of larval and juvenile fish during June through August. During years when the CLWA invokes Article 54(h), the additional flexible storage withdrawals made under the rule change will contribute to an additional small decline of approximately one foot or less in water surface elevation during May through August (see Table 8). This computed decline assumes that all the additional water was withdrawn during the May through August period; if the additional withdrawals were spread throughout the year, the additional May through August decline would be reduced. The added withdrawals of the contract change will have a less than significant impact to largemouth bass spawning and rearing habitat since the change is unlikely to significantly reduce the extent of the habitat.

Table 8 Impact of proposed amendment on potential reservoir elevation changes

Year	*May - June Deliveries to Castaic Lake (af)*	*Incremental Increase in Deliveries = 4,800 af May–June Deliveries*	*Additional Elevation Change (1.5 feet x Incremental Increase in Deliveries)*
1995	7,452	0.644	1.0
1996	14,459	0.332	0.5
1997	14,586	0.329	0.5

During years when the SWP reduces deliveries and the CLWA invokes the Article 54(h) to withdraw Flexible Storage water to meet deficiencies between the SWP's approved deliveries and CLWA's entitlement deliveries, the additional flexible storage withdrawals made under the rule change will contribute to a small decline in water surface elevation. The withdrawals would represent the difference between reduced deliveries and normal CLWA deliveries, which typically cause a water surface decline of one to two feet during May through August. Since the change proposed in Article 54(h) does not increase the CLWA's deliveries, the change will increase the annual water surface elevation change. The added withdrawals that result from the contract change will, therefore, have a less than significant impact to largemouth bass spawning habitat.

As noted earlier, DFG is investigating recent declines in largemouth bass size at Castaic Lake. Due to the general decline in the lake's largemouth bass fishery and the fact that reservoir fisheries

generally decline as they age, natural recruitment may need to be augmented with stocked fish in the future.

Cultural Resources

Impact Discussion. The change in the flexible storage allocations of Castaic Lake may result in additional fluctuations of the reservoir storage levels. Previously inundated resources could be impacted. However, potential drawdowns and their effect on cultural resources is expected to be less than significant.

Mitigation. Measures were identified in the programmatic EIR to reduce potential impacts on cultural resources to less than significant. The measures included stabilizing and protecting previously recorded sites from wave action and would continue to be followed. Fluctuations in the reservoir are not expected to vary greater than a few feet. If the operation of the reservoir should expose cultural resources, then an archaeologist should be consulted to evaluate the find. If human remains are encountered, the county coroner will be contacted. If the remains are native Americans, the Native American Heritage Commission will be consulted to comply with CEQA requirements governing discoveries of remains of Native American origin.

Land Use

Impact Discussion. The proposed amendments will not conflict with the local general plans and zoning designations applicable to the affected areas, conflict with adopted environmental plans or goals of counties and other local jurisdictions with land use authority, affect existing agricultural operations, or disrupt or divide the physical arrangement of a county. Since no additional lands would be developed. No significant impacts will occur as a result of the amendment and no mitigation is required.

Recreation

Impact Discussion. Castaic Lake offers a variety of recreational opportunities, including boating, fishing, skiing, and sailing. The proposed increase in Castaic's Maximum Allocation could result in increased fluctuations in the reservoir that would affect the quality of boating skiing and sailing on the lake. These increases could also potentially degrade bass spawning areas and adversely affect bass survival rates in the reservoir.

The proposed new amendment will increase the probability that CLWA will be able to meet its scheduled deliveries, but will not increase the total of those deliveries above current CLWA contract amounts. The rate, timing, and magnitude of associated water surface elevation changes will depend on when water is delivered to contractors, the amount of natural and imported inflow to the reservoir, the amount of evaporation, and other causes. Since deliveries to CLWA represent only a small portion of the total withdrawals from the lake and water withdrawn under the proposed amendment will represent only a fraction of CLWA’s normal regulatory storage withdrawals, the proposed rule change will produce only a small reduction in the reservoir’s water surface elevation. Since the change will be small, will occur infrequently, will be temporary, and will not reduce the reservoir’s water surface elevation to a level different from typical water surface elevations of the past, the proposed amendment will not have a significant effect on recreation.

Mitigation. Fluctuations in Castaic Lake are expected to meet the water supply needs of the West Branch contractors. When feasible, the reservoir should be operated to maintain a relatively stable surface water elevation during times of the year when recreation activities associated with the lake are the highest. The fishery management plan proposed by the Department of Fish and Game should be completed and incorporated into the Los Angeles County Department of Parks and Recreation management plans for the reservoir.

Energy and Mineral Resources

Impact Discussion. The proposed amendments to the water supply contracts involve no construction activities and are unlikely to affect energy and mineral resources. The change in storage allocation at Castaic Lake will not result in additional use of energy.

Hazards

Impact Discussion. The proposed amendments to the water supply contracts involve no construction activities and are unlikely to increase potential sources for hazards. No mitigation is required.

Noise

Impact Discussion. The proposed amendments to the water supply contracts involve no construction activities and are unlikely to increase noise sources. No mitigation is required.

Public Services

Impact Discussion. The proposed amendments to the water supply contracts involve no construction activities and are unlikely to affect public services. No mitigation is required.

Utilities and Service Systems

Impact Discussion. The proposed amendments to the water supply contracts involve no construction activities and are unlikely to affect utilities and service systems. No mitigation is required.

Aesthetics

Impact Discussion. The proposed amendments to the water supply contracts involve no construction activities and are unlikely to affect scenic vistas or aesthetic values. No mitigation is required.

Transportation and Circulation

Impact Discussion. The proposed amendments to the water supply contracts involve no construction activities and are unlikely to affect transportation or circulation patterns.

Cumulative Impacts. the incremental effect of this contract amendment is not cumulatively considerable when viewed in conjunction with other projects, including projects completed in the past and anticipated to occur in the future. Cumulative impacts of the Monterey Agreement EIR are discussed at page 6-1. Cumulative impacts are also discussed in CLWA's EIR. No further

action changing the flexible storage or other operational aspects of Lake Castaic is anticipated. The Department is considering a request to increase the water devoted to recreation purposes at Lake Castaic. If approved, this action would not result in lower lake levels. Accordingly, no cumulative impacts will occur because of this contract amendment.

Analyzing the impacts caused by this amendment cumulatively, there is no significant impact. Less-than-significant impacts were found in the impact areas of geology, water supply, biology, cultural resources and recreation. All these impacts were attributable to the potential reduction in lake levels attributable to CLWA's additional flexible storage. Viewing these impacts cumulatively, there is not a significant impact on the environment caused by the possible lake level reduction.

Chapter V. Compliance with Existing Land Use Controls

The proposed water supply contract amendments would not result in any land disturbance or construction activities that would result in changes to land use plans, policies, or zoning, or require approval of development plans or permits.

Planned land development within the Castaic Lake Water Agency service area could result in indirect environmental effects. The authority to approve land development is the responsibility of the local governing jusrisdictions that adopt general plans and zoning ordinances, approve development plans, and issue building permits. The applicable general plans for the Castaic Lake Water Agency service area include the Los Angeles County General Plan (the Santa Clarita Valley Area Plan portion) (Los Angeles County 1990), The Piru Area Plan of the Ventura County General Plan (Ventura County 1998), the City of Santa Clarita General Plan (City of Santa Clarita 1991), and the Southern California Association of Governments Regional Comprehensive Plan and Guide (SCAG 1996).

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